

Selby District Council

Leader Urgent Decision Paper



**To:** Leader of the Council  
**Date:** 3 February 2022  
**Ward(s) Affected:** All  
**Decision:** Key  
**Authors:** Tammy Fox, Revenues and Benefits Manager  
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**Lead Executive Member:** Cllr Lunn, Lead Councillor for Finance and Resources

**Title – Covid Additional Relief Fund (CARF), and Retail, Hospitality and Leisure Relief (RHL) and Transitional Rates Relief/Supporting Small Business Relief (TRL)**

## 1. Summary

- 1.1 This report provides details on recently announced rates relief schemes. In March 2021 the government announced a new COVID-19 Additional Relief Fund (CARF) of £1.5 billion. This fund would be available to support those businesses affected by the pandemic but that are ineligible for existing support linked to business rates.
- 1.2 On the 15 December 2021 the full guidance from Department for Levelling Up, Housing and Communities (DLUHC) and local authority allocations for the scheme were published. The allocation has been based on the estimated rateable value in each local authority rating list which falls within the scope of the fund, weighted for the impact of COVID-19 per sector. Local authorities are expected the grant this relief within the eligibility criteria set out in government guidance using their discretionary powers under section 47 of the Local Government Finance Act 1988. Central government will full reimburse local authorities for discretionary relief awards up the maximum level of their allocation, which is £1,997,134.00 for Selby District Council. This report sets out the scheme criteria and policy details.
- 1.3 In the October 2021 Budget the Chancellor announced details of a new business rates relief scheme for retail, hospitality and leisure businesses for

2022/23. This is a similar scheme to the extended retail relief scheme first introduced in April 2020 and extended to March 2022. Details were published on 20 December 2021 and this new scheme will provide eligible occupied retail, leisure and hospitality properties with a 50% relief, up to a cash cap of £110,000.00 per business. As this relief is a temporary measure for 2022/23 only local authorities will use their discretionary relief powers under section 47 of the Local Government Finance Act 1988 to grant relief and then be reimbursed for the cost of granting such relief. This report sets out the qualifying criteria and details that will be included in councils Discretionary Rates policy.

- 1.4 In the October 2021 Budget the Chancellor also announced an extension to the transitional relief scheme and the supporting small business scheme for one year, guidance was published on 20 December 2021. The transitional relief scheme was introduced in 2017 to help those ratepayers who were faced with higher bills as a result of the revaluation. The scheme ends 31 March 2022 and as a result some ratepayers would see an increase in their bills. The government has therefore announced it would extend the current schemes for one year to the end of the current revaluation cycle. As this relief is a temporary measure for 2022/23 only local authorities will use their discretionary relief powers under section 47 of the Local Government Finance Act 1988 to grant relief and then be reimbursed for the cost of granting such relief. This report sets out the qualifying criteria and details that will be added to the councils Discretionary Rates relief policy.

## **2. Recommendations**

- 2.1 That the decision is urgent it cannot await a full meeting of the Executive due to the need to put in place arrangements as part of the ongoing Covid-19 response, and that the policy documents for the 3 schemes be approved for insertion into the councils Discretionary Rates Relief Policy, attached at Appendix A to the report.

## **3 The Report**

### **3.1 Covid Additional Relief Fund (CARF)**

- 3.1.1 COVID-19 has presented a significant and unprecedented challenge for businesses and the government has provided funding to support these businesses. The CARF funding is intended to help those businesses who have been affected by the pandemic but have been ineligible for existing support linked to business rates.
- 3.1.2 The funding has been allocated to local authorities based on the estimated rateable value in each local authority rating list, which falls within the scope of

the scheme, weighted for the Gross Value Added (GVA) impacts of COVID-19 per sector. The DLUHC has provided guidance to local authorities about the operation and delivery of the policy and relief should be awarded for the 2021/22 financial year.

- 3.1.3 The relief must not be awarded to ratepayers who for the same period have been eligible for the Extended Retail Discount and the Nursery Discount, relief must not be awarded to unoccupied hereditaments. Local authorities must direct their support to ratepayers who have been adversely affected by the pandemic and have been unable to adequately adapt to that impact. Billing authorities may not grant the relief to themselves or precepting authorities.
- 3.1.4 Relief will automatically be granted to authorities within the sectors that the highest amount of funding has been allocated for and therefore those most affected by the pandemic. The sectors who have had the lowest impact from the pandemic will not automatically be given the relief, but a contingency amount will be set aside from the allocation for any businesses who present themselves to the authority and can demonstrate that they have been adversely affected by the pandemic. Selby District Council has also worked with neighbouring North Yorkshire authorities to take a similar approach with their scheme.
- 3.1.5 Within the funding allocation given relief of 40% can automatically be provided to approximately 200 businesses of just over £1.9 million, within the sectors the guidance has identified as most impacted of arts, entertainment, recreation, hospitality, transport and other services.
- 3.1.6 Funding will not be allocated to those businesses within the sectors identified in the guidance as the least impacted, which are those of - Information and communication sector – including but not limited to mobile and telecommunication phone masts. Energy sector - including but not limited to utility providers such as gas, electricity, fuel and water and those involved in the supply chain to these industries and renewable energy providers. Advertising sector. Financial and professional services sector – including but not limited to financial advisors, insurance agents, banks, estate agents and solicitors. Other services – including but not limited to businesses including veterinary practices, funeral services, education, health sector. Construction sector – including but not limited to those businesses within the supply chain to the construction/building industry and well as providers of construction/building services, electrical services, plumbing services. Water and waste management – including but not limited to waste services, recycling and water treatment providers. Manufacturing – including but not limited to food manufacturers and businesses within the supply chain to the food industry and also pet food manufacturers and suppliers. Wholesale and retail – including not limited to businesses involved in vehicle sales and

businesses within the wholesale and retail supply chain. A 10% contingency of the fund will be reserved for any businesses not already identified who may be eligible as they may have been incorrectly classified within the information held in the Valuation Office Agency property descriptions. As Selby District Council remains in the safety bet for the rates retention scheme any potential overspend would be fully funded, therefore there is no risk to the authority.

- 3.1.7 Those businesses receiving the relief will be notified why the relief has been granted and we required to report to the authority if any such award may breach the guidance under which it was granted, for example they may not have been adversely affected by the pandemic and may have been able to adapt or they may have already reached the subsidy limits and these businesses can opt out of receiving the relief.
- 3.1.8 The CARF scheme is subject to the subsidies chapter within the UK-UE Trade and Cooperation Agreement (TCA), however there is an exemption for subsidies under the value of £2,243,000.00 per economic sector, therefore, to be awarded CARF the business must not have claimed over this amount for the periods 2019/20 to 2021/22 from schemes which fell with the Small Amounts of Financial Assistance or COVID-19 related allowances.

## **3.2 Retail, Hospitality and Leisure Relief**

- 3.2.1 A business rates relief scheme for retail, hospitality and leisure businesses has been in place since April 2020 to provide support with business rates to those businesses most affected by the COVID-19 pandemic. In the 2020/21 year this was a 100% rates relief scheme, in the 2021/22 the scheme provided 100% rates relief for 3 months followed by a 66% rates relief for the remainder of the year. A further extension of the relief has been announced for the 2022/23 year of 50% rates relief, with a new cash cap limit of £110,000.00 per business.
- 3.2.2 As this is a temporary measure for 2022/23 only, the government is not changing the legislation relating to the reliefs available to properties. Instead, local authorities will use their discretionary relief powers under section 47 of the Local Government Finance Act to grant relief. The details of the scheme will follow the government guidance and be added to Selby District Councils Discretionary Rates Relief policy, the authority will be reimbursed for their loss of income under the rates retention scheme.
- 3.2.3 Retail, Hospitality and Leisure Relief Scheme is subject to the subsidies chapter within the UK-EU Trade and Cooperation Agreement (TCA). The subsidies chapter within the TCA only applies to subsidies over the value of approximately £343,000 per beneficiary over a 3-year period (consisting of the current financial year and the two previous financial years) (the Small Amounts of Financial Assistance limit). Businesses awarded the relief will be

advised to declare if the granting of the relief would breach the subsidy limit and the relief will then be removed.

### **3.3 Transitional Rates Relief/Supporting Small Business Relief**

3.3.1 The transitional relief scheme was introduced in 2017 to help those ratepayers who were faced with higher bills as a result of the revaluation. The scheme ends on 31 March 2022, as a result a small number of ratepayers would face a jump to their full rates bill from 1 April 2022 as the revaluation has been postponed until 1 April 2023.

3.3.2 The government has therefore extended the current transitional relief scheme and the supporting small business scheme for one year to the end of the current revaluation cycle. The scheme will restrict increases in bills to 15% for businesses with small properties (up to and including £20,000 rateable value) and 25% for medium properties (up to and including £100,000 rateable value).

3.3.3 As this is a temporary measure for 2022/23 only, the government is not changing the legislation relating to the reliefs available to properties. Instead, local authorities will use their discretionary relief powers under section 47 of the Local Government Finance Act to grant relief. The details of the scheme will follow the government guidance and be added to Selby District Councils Discretionary Rates Relief policy, the authority will be reimbursed for their loss of income under the rates retention scheme.

3.3.4 The extension of transitional relief and Supporting Small Business is likely to amount to subsidy. Within the UK-EU Trade and Cooperation Agreement (TCA) only applies to subsidies over the value of approximately £343,000 per beneficiary over a 3-year period (consisting of the current financial year and the two previous financial years) (the Small Amounts of Financial Assistance limit). Businesses awarded the relief will be advised to declare if the granting of the relief would breach the subsidy limit and the relief will then be removed.

## **4. Risks**

### **4.1 Legal**

4.1.1 The updates to the Discretionary Rates Relief Scheme are based on directives given from DLUHC regarding eligibility criteria within the guidance.

4.1.2 There is no statutory appeals process for any decision made by the council, as good practice, on request, the council will review any decision made.

4.1.3 Subsidy control limits are followed, and businesses are advised to declare if there any breach of such limits and this will result in removal of the reliefs.

### **4.2 Financial**

- 4.2.1 The government will reimburse councils for the cost of reliefs provided under the new measures by section 31 grants. The CARF relief scheme will be funded up to maximum support available therefore the scheme has been designed to provide support within the maximum level allowable.
- 4.2.2 Fully documented decisions by officers of the reliefs applied to accounts will be made to ensure all external audit requirements are fulfilled and to ensure maximum return of costs on NNDR returns to Central Government.

**5. Recommendations**

- 5.1 The Leader of the Council is requested to approve the insertions of the NDR CARF, RHL 2022 and TR 2022 policies into the councils Discretionary Rate Relief Policy.

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**Decision Maker**

Leader	Yes
Officer Delegated Decision	Yes for individual application of relief following stated criteria